

Wealth Markets and Commerce

Finance - Economics

WALL STREET OFFICE:
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Tuesday, October 2, 1917

Prices moved lower again at the Stock Exchange. Railway shares, which led the downward movement on Monday, were further depressed, many such issues selling at new low records for the current movement, notably New York Central, St. Paul, Norfolk & Western, Baltimore & Ohio and Delaware & Hudson. There was a moderate rally before the close, but it failed to carry far. Action of the railway issues suggests a continuation of the liquidation that has been unsettling this group for many weeks. The chief explanation for the persistent selling of railroad holdings for investors is the unfavorable financial position of most properties as disclosed by the monthly operating statements. These almost uniformly show substantial declines in net revenues. But there are many favoring elements in the railway situation that apparently are being overlooked. Among them is the fact that gross business is virtually unlimited, as traffic runs on at an abnormally heavy rate. Another favorable element can be found in the reduction in iron and steel and coal prices as a result of government interference, a development that should in time bring about a substantial lowering of maintenance and operating charges.

Formation of a \$200,000,000 money pool by the local banks ought to go a good way toward helping to relieve a tight situation. It insures, for one thing, a substantial supply of funds for borrowers in this market at 6 per cent or less. Under the arrangement agreed to by the banks, the local institutions had individually committed themselves to their respective shares of the pool, regardless of what they already may have out in loans in the money market. As a result, when money rates approach 6 per cent the banks will at once be called upon by the money committee to supply the needed funds. The existence of this large pool will make it necessary for the banks to keep a greater portion of their resources in liquid shape. Bankers emphasize the fact that the formation of the \$200,000,000 pool arrangement is not designed to stimulate stock market speculation, but rather to ease up the money situation generally, so as to guarantee a plentiful supply of funds for commercial and industrial purposes at this centre.

Reflection of the labor difficulties that prevailed during the months of July and August at the mines is beginning to appear in the copper production figures. For instance, the output of the copper refineries in September is estimated at about 130,000,000 pounds, a falling off of 20,000,000 pounds from the previous month and a loss of 70,000,000 pounds from the high record of 200,000,000 pounds established in June. The September figures of the Anaconda Copper Company, one of the largest producers of the metal in the country, show just what has happened in one particular case. Output of this corporation last month was only 2,800,000 pounds of refined copper, against 11,175,000 pounds in August and 31,300,000 pounds in March, the banner month of the year. It is easily seen from these figures the effect any prolonged labor disturbance at the principal mines would have on the country's output of copper. As matters now stand there is not much more copper than is needed to provide for the present world demand.

A Western brokerage house gives some wholesome advice to the farmer who have been upsetting the programme of the Food Administration Board by withholding their wheat from market, to wit:

Sell wheat, buy bonds. Some farmers are old-fashioned. They prefer wheat in the barn to money in the bank. Many farmers have not been affected with any surplus money until recently. Progress, there is no better security than government bonds. Your farm and the whole country are behind them. Sell the wheat. Hysterical prices of last spring are over. Government has fixed the price. It is for the crop season. Wheat was only \$1.25 in July, 1916, and around \$1.45 in September. Australia has a big surplus and more coming next January. Quality there has suffered. Mice have been busy. Why feed the rats and mice? Do you know that rodents in our country destroy enough food every year to feed Belgium? Why chance quality deteriorating? Wake up! Move your wheat while ears can be secured. War will soon make them very scarce. Section 10 of the food bill gives the President power to take your surplus wheat if he thinks desirable. Don't tempt him. Be reasonable. Why wait until spring and

take the same price then? Make interest on the bonds. Be patriotic. Do your bit. Help win the war. Sell wheat. Buy bonds.

Money and Credit

Funds were in more liberal supply in Wall Street yesterday as a result of the formation of the \$200,000,000 pool organized by the bankers to aid the tight money situation. At the Stock Exchange call loans ruled at 5 per cent, compared with 6 the day before, and in the afternoon the rate fell to 3 per cent. This, however, was after the bulk of the demand had been met.

While offerings of time funds were not greatly increased there was evidence that the concerted effort on the part of the banks to ease up matters was bearing fruit. A fair amount of money was available at 6 per cent for loaning against industrial securities. Loans based on a mixture of railway and industrial collateral held at 5 1/2 to 6 per cent.

Banking rates for money yesterday, compared with a year ago, were as follows:

	Yesterday.	Year ago.
Call money.....	5%	2 3/4%
Time money (mixed collateral):		
30 days.....	5 1/2 to 6%	3 to 3 1/4%
90 days.....	5 1/2 to 6%	3 to 3 1/4%
6 months.....	5 1/2 to 6%	3 1/2 to 4%
1 to 2 years.....	5 1/2 to 6%	3 1/2 to 4%

Commercial Paper.—The commercial paper market continued quiet yesterday, and there was no increase in demand. The rate was firmly maintained at 5 1/2 per cent, with a few sales made on a slightly lower basis.

Official rates of discount for each of the twelve Federal districts are as follows:

	Over 150 days	Over 30 days	Over 15 days	Over 7 days	Over 3 days
Boston.....	3 1/2	4	4	4	4
New York.....	3 1/2	4	4	4	4
Philadelphia.....	3 1/2	4	4	4	4
Cleveland.....	3 1/2	4	4	4	4
Richmond.....	3 1/2	4	4	4	4
Atlanta.....	3 1/2	4	4	4	4
Chicago.....	3 1/2	4	4	4	4
St. Louis.....	3 1/2	4	4	4	4
Minneapolis.....	4	4	4	4	4
Kansas City.....	4	4	4	4	4
Dallas.....	3 1/2	4	4	4	4
San Francisco.....	3 1/2	4	4	4	4

Bank Clearings.—The day's clearings at New York and other cities:

	Balance.	Exchanges.
New York.....	\$787,575,734	\$67,251,534
Baltimore.....	12,000,336	1,513,424
Boston.....	54,426,794	7,899,114
Philadelphia.....	67,096,464	7,539,048

Sub-Treasury.—New York banks gained from the Sub-Treasury \$1,012,000.

Silver.—Bills in London, 47 1/2 d, down 3/4; New York, 93 1/2 c, off 1/4; Mexican dollars, 71 c, off 2 c.

London Money Market.—LONDON, Oct. 2.—Money was in better supply, at 4 per cent.

Discount rates.—Short bills, 4 1/2 per cent; three months' bills, 4 1/2 to 5 per cent; Gold premium at Lisbon, 90.00.

The Dollar in Foreign Exchange.—A sharp rise in exchange on Sweden furnished the principal feature in the local exchange market yesterday. Stockholm checks rose to 55 1/2 cents, an advance of 1 1/2 cents compared with Monday. A substantial increase in demand was reported, while the offerings continued light. Very little Scandinavian exchange is making these days, owing to the embargo on exports to neutral countries.

Russian rubles displayed a somewhat better tone. Francs and lire were steady. Sterling exchange held at the peg rates.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for other marks or kronen are no longer available.

(Quoted dollars to the pound.)

	Yesterday.	Week ago.
Sterling, demand.....	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days.....	4.71 1/2	4.71 1/2
Sterling, cables.....	4.76 1/2	4.76 1/2
Sterling, ninety days.....	4.69 1/2	4.69 1/2

(Quoted cents to the dollar.)

	Yesterday.	Week ago.
Francs, demand.....	5.77 1/2	5.79 1/2
Francs, cables.....	5.77 1/2	5.78 1/2
Lire, cables.....	7.72	7.75
Swiss, cables.....	4.71	4.69
Swiss, cables.....	4.69	4.67

(Quoted cents to the unit.)

	Yesterday.	Week ago.
Guineas, checks.....	42 1/2	42
Guineas, cables.....	42 1/2	42 1/2
Rubles, cables.....	15.40	15.25
Stockholm, kr., checks.....	35.75	33.90
Copenhagen, kr., checks.....	31.00	30.90
Pesetas, checks.....	23.50	23.25

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange intrinsic value.	Intrinsic gold parity.
Pounds, sterling.....	\$4.75 1/2	\$4.86 1/2
Francs.....	0.17 3/4	0.19 3/4
Guineas.....	0.42 1/2	0.42 1/2
Rubles.....	0.15 1/4 to 0.15 1/2	0.15 1/4 to 0.15 1/2
Lire, checks.....	0.12 1/2	0.12 1/2
Crowns (Denmark).....	0.31 to 0.26 8	0.26 8
Crowns (Sweden).....	0.35 75 to 0.26 8	0.26 8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.75. The intrinsic parity is \$4.86 1/2 per pound. Thus, you can either that pound at a 2 per cent discount or that dollars at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

G. W. McGarrah
Elected Head of
Clearing HouseExchange Operations Between
New York Banks
Reach Record Total

Huge banking operations arising out of war finance and the general commercial and industrial activity of the country swelled transactions at the New York Clearing House to the record-breaking figure of \$193,681,822.80 in the year ended September 30, according to the annual report issued yesterday. This compared with a total of \$155,742,333.908 in the preceding twelve months. The sum represented by checks cleared aggregated \$181,534,031.387, and the balances that were settled amounted to \$12,147,791.432. These figures compared with \$147,189,709.461 and \$8,561,624.447, respectively, in 1916. Since its organization, in 1854, total transactions at the Clearing House have aggregated \$3,072,438,892.504.

The statement of transactions for 1916-17 follows:

	1916-17.	1915-16.
Exchanges.....	\$181,534,031.387	\$147,189,709.461
Balance.....	\$12,147,791.432	\$8,561,624.447
Total.....	\$193,681,822.80	\$155,742,333.908

At the annual meeting of the Clearing House organization, G. W. McGarrah, president of the Mechanics and Metals National Bank, was elected president to succeed Frank A. Vandenberg, of the National City Bank, who has served the customary two terms in that office.

Walter E. Frew, president of the Corn Exchange Bank, was made chairman of the Clearing House committee, succeeding Mr. McGarrah. Theodore Hettler, president of the Fifth Avenue Bank, was elected secretary in place of Joseph Byrne. William J. Gilpin and Clarence E. Bacon were re-elected manager and assistant manager, respectively. The clearing house committee now consists of Walter E. Frew, Secretary, and Albert H. Wiggin, Francis L. Hine and Lewis E. Pierson, the last three being new members.

To Hold Afternoon Meeting.—Resolutions were adopted providing for an afternoon meeting of the Clearing House committee to set on items received in the morning exchanges which are "not good."

The Clearing House Association, is now composed of twenty-nine national banks, sixteen state banks and four trust companies. The Federal Reserve Bank of New York and the Assistant Treasurer of the United States at New York also make their exchanges at the Clearing House. There are twenty-one banks and trust companies in the city and vicinity not members of the association who make their exchanges through the banks that are members.

Relevant Facts

Sears, Roebuck & Co.—Sales for the month of September totalled \$11,231,442, an increase of \$1,515,103 over the corresponding month last year. For the nine months ended September 30 sales were \$119,155,827, a gain of \$24,449,624 over 1916.

Anaconda Copper Mining.—September production of copper, amounting to 2,800,000 pounds, was 8,375,000 pounds less than was produced in August, and compares with a total output of 29,400,000 pounds in the corresponding month a year ago. This heavy decline in output was due to the cessation of operations during practically the entire month. The company resumed operations about September 24, and since then has been running at approximately 50 per cent of its capacity.

International Rubber.—This company's report for the fiscal year ended July 31 showed net profits of \$119,895, an increase of \$619,992 over the previous year. The balance after expenses, taxes, etc., was \$1,060,851, equivalent to \$1.64 a share on \$29,031,000 capital stock. The balance for dividends in 1916 was only \$355,989. This company has paid no dividends since 1914, when \$56,468 was distributed to shareholders.

Milliken Brothers, Inc.—In a circular issued to the stockholders by the directors it is stated that the proceedings for the dissolution of the company have been completed. The circular recites that, after providing for all the outstanding indebtedness and obligations, the directors have determined to make a first distribution to shareholders amounting to \$10 a share on the preferred stock. Payments \$9 to holders of record on October 20.

Chicago & Alton.—CHICAGO, Oct. 2.—At the annual meeting of the stockholders of the Chicago & Alton Railroad to-day Robert Walker, Louis Krauthoff, Joy Morton and Samuel Insull were re-elected directors for three years. As the fiscal year of the company has been changed to end December 31, no annual report was presented, but it was stated that earnings both gross and net made a gain for the twelve months ending June 30, 1917, based on the year following depreciation of equipment was placed at \$495,035, against a deficit of \$171,978 the preceding year.

Air Reduction Co.—Not in Merger of Carbon Concerns

Union Carbide Interests Organize Large Holding Company

The Air Reduction Company is not included in the list of companies that make up a new merger of concerns which manufacture oxygen and nitrogen mainly for commercial use. This became known yesterday when it was announced that the Union Carbide Company, with the National Carbon Company, Inc., the Prest-O-Lite Company, Inc., and the Linde Air Products Company will be operated as one organization under the name of the Union Carbide and Carbon Corporation.

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Miami Copper.—Total output of copper for the month of September was 250,000 pounds in August, and 534,000 pounds in June, the company's record month. The company's mines closed during July on account of labor troubles. In September, 1916, 4,281,367 pounds were produced.

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Small Part of Crop Ginned So Far

WASHINGTON, Oct. 2.—Cotton ginned prior to September 25 and allowing 1 per cent from the planted acreage for abandonment, compares with a forecast of 12,439,000 bales made on the August 25 condition. The actual ginning for the July 25 condition, and 11,633,000 bales, made on the June 25 condition. The area planted this year was 34,500,000 acres.

Last year's production was 11,449,930 bales on an area of 33,239,000 acres, and a final condition of 56.8 per cent of a normal; the 1915 production was 11,920,000 bales on an area of 31,412,000 acres, and a final condition of 60.8 per cent of a normal, and the 1914 production was 16,135,000 bales (the record crop) on an area of 36,822,000 acres, with a final condition of 75.5 per cent of a normal. The ten-year average of condition on September 25 is 65.7 per cent of a normal, and the ten-year average change in condition from August 25 to September 25 is 5.5 points.

The yield per acre this year is placed at 16.83 pounds, compared with 15.66 pounds last year, and the ten-year average is 18.5 pounds per acre. A final estimate of production will be made in December.

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452,000 Bales of
Cotton Lost, Crop
Estimate ShowsActivity of the Boll Weevil
Is One Cause of Much
Deterioration

WASHINGTON, Oct. 2.—Deterioration during September over almost the entire cotton belt caused a loss of 452,000 bales in the prospective production of cotton, and leaves the 1917 crop at 12,047,000 equivalent 500-pound bales. The Department of Agriculture in its final condition report of the season to-day announced a decline of 7.4 points in cotton's condition during the month, to 69.4 per cent, caused principally by boll worms and weevils. Cool weather, drought, shedding, wilt, blight, lack of potash in fertilizer and, in the extreme eastern belt, storm damage also caused loss. Damage from the recent West Indian hurricane was small, the area affected being a comparatively small producing territory and the crop there largely picked.

Pickers Are Scarce

Picking of cotton is general and is being pushed, except in the northern part of the belt, the Department of Agriculture reported.

"There is complaint," it says, "of a scarcity of pickers in many sections. This is attributed to a migration of negro farm hands during the winter and spring, the volunteering and election of men for military duties, cancellation of work and the heavy demand for labor in the textile mills, cotton factories and kindred industries throughout the South. With favorable weather, at prices prevailing for the staple, no cotton will go to waste in the fields this year."

The report was awaited with interest in textile circles.

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Pacific Coast Co.
Earns \$6.22 on
Common StockShipping Concern Realizes
Good Values on Sale of
Older Vessels

Gross earnings of the Pacific Coast Company for the year ended June 30 last totalled \$5,859,494, a decrease of \$1,353,063 compared with the previous twelve months. Net income after operating expenses and taxes totalled \$966,545, which was increased to \$996,412 by \$29,867 in other incomes, a loss of \$56,981. A decline of \$126,491 in interest charges brought about a gain in surplus of \$69,510. After allowing for the dividends on the first and second preferred stocks, there was a balance of \$435,332, equivalent to \$6.22 a share on \$7,000,000 common stock, compared with \$5.22 a share earned in the 1915 fiscal year.

W. M. Barnum, president of the company, says that the return to the company from its steamships increased from \$93,565, the falling off being due to the loss of revenue from the steamship Congress and the loss occasioned by a strike of longshoremen, which continued from June 1 to October 1. Estimates place the total loss in net earnings due to these causes at \$350,000. Net earnings of the Pacific Coast Coal Company, including lumber sales, increased \$79,781.

"While wages and cost of material and supplies have greatly increased," said Mr. Barnum, "the outlook for the company's business during the coming year is favorable, subject to the assurance to government regulation of the coal industry. During the current year the steamers City of Pueblo, Meteor, Montana and Tampico, which have been sold at considerable prices, it has been considered advisable to take advantage of existing market conditions to realize on these older vessels, whose further use to the company was of doubtful value."

Fixed Price for
Copper Allows a
Liberal ProfitGranby Consolidated Earnings
for Last Year Exceeded
\$12,000,000

E. P. Earle, vice-president of the Granby Consolidated Mining, Smelting and Power Company, says in the company's annual report that while the cost of producing copper is high the price of 23 1/2 cents a pound for copper recently fixed by the government will allow the company to operate at a profit. The cost of copper sold during the fiscal year ended June 30 last, averaged from thirteen to sixteen cents a pound, as against 10.9 cents, and 14.25 cents the previous year.

The company's gross earnings last year totalled \$12,250,185, against \$9,299,337 in 1916. The balance available for dividends last year was \$3,966,210, equal to \$26.44 a share on \$14,998,520 capital stock, compared with \$25.46 a share earned the previous year.

The board of directors was reduced from thirteen to eleven members at the annual meeting of stockholders yesterday.

British War Bond Prospectus Well Received.—LONDON, Oct. 2.—The prospectus of the new war bonds was well received, and it is believed the issue will be supported liberally, as the terms are attractive. Business on the Stock Exchange was interrupted by air raid gossip. There was an upward movement in Argentine rail and a fair demand for gilt-edged securities. Grand Trunk shares were weak on the passing of the dividend. Speculative rubbers were easier. Russians weakened, owing to the uncertain situation.

Paris Bourse.—PARIS, Oct. 2.—Trading was poor on the Bourse to-day. Three per cent rentes, 60 francs 20 centimes for cash. Exchange on London, 27 francs 18 centimes. Five per cent loan, 88 francs 30 centimes.

New York

Foreign Trade Council Meets.—The annual meeting of the National Foreign Trade Council will be held at the Biltmore Hotel, in New York, to-morrow. James A. Farrell, president of the United States Steel Corporation, will preside.

Bank Passes Dividend.—Directors of the Chelsea Exchange Bank, it was announced yesterday, have passed the regular semi-annual dividend of 3 per cent, due October 1.

Elections

Lyman T. Hammon, of Bonbright & Co., yesterday was elected a director of the California Railway & Power Company, increasing the directorate to twelve members.

Louis B. Wade, of Wade, Templeton & Co., has been elected to membership on the New York Stock Exchange.

Corporation Returns

Chicago & North Western Railway

	1917.	1916.
August gross.....	\$10,672,233	\$9,624,148
Net after taxes.....	2,144,646	2